

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
OCTOBER 18, 2005
MINUTES**

MEMBERS PRESENT:

Ned Sickle, Chairman
John Holdsworth, Vice-Chairman
Tom Morrow, Commissioner
Sally Shaffer, Commissioner

ABSENT: Margaret Dunn, Commissioner
Jerry Gleason, Commissioner
Gordon Zuckerman, Commissioner

STAFF: Kathy O'Connor
Kathy Montalvo
Scott Gray
Jennifer Hawkes
Roger Klinger
Dave Roderique
Kelly Ward

OTHERS PRESENT FOR ALL OR PART OF THE MEETING:

Craig Clifford
Brent DeRaad
Mike Donahoe
Steve Des Georges
Noel Gerson
Lee Guillory
Frank Jacobson
Lydia Middleman
John Pearsall
Rachel Sacco
Debbie Wardrop

1. CALL TO ORDER

Chairman Sickle called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:03 a.m.

2. ROLL CALL

A formal roll call confirmed members present as stated above, noting the presence of a quorum.

3. SUPER BOWL FUNDING REQUEST

Ms. Wardrop, CEO of the Super Bowl XLII Host Committee, noted that much has changed since the 1996 Super Bowl, particularly in terms of increased security concerns in the wake of 9/11. Ms. Wardrop referred the Commission to a fact sheet that stressed the economic impact the Super Bowl would likely have on the Arizona economy.

The Committee's immediate priority is to secure corporate sponsorships and public-sector funding, and to develop a website for publicity purposes. The NFL owners' meeting is held at the Biltmore every fourth year with the next one scheduled for 2007. Warm weather is a factor in choosing the venue and there is clearly an opportunity for the Valley to host future Super Bowls.

Ms. Wardrop responded to Chairman Sickle's question about the hesitancy of local communities to support the Super Bowl financially by stating that there is only one community that is debating the issue. For the most part, people are genuinely excited about the concept of an Arizona Super Bowl, rather than an event tied to one particular city.

Chairman Sickle asked whether the NFL was planning a rotation of Super Bowl venues considering Miami has just been awarded the 2010 Super Bowl. Ms. Wardrop reported that this is a new discussion for the NFL and noted that the NFL favors returning to cities they are already familiar with.

Ms. Wardrop anticipates that the Executive Committee will increase to 18 to 20 volunteer members, likely in mid-2006, providing opportunities for Scottsdale's representation. She cautioned, however, that the time commitment is very heavy.

VICE-CHAIRMAN HOLDSWORTH MOVED TO COMMIT FUNDING OF \$115,472.66 FOR FISCAL YEAR 2005/06 FOR THE SUPER BOWL XLII HOST COMMITTEE AND SUBSEQUENTLY TO INCLUDE IT AS A LINE ITEM IN THE BUDGET. SECONDED BY COMMISSIONER MORROW, THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF 4 (FOUR) TO 0 (ZERO).

4. APPROVAL OF SEPTEMBER 20, 2005 MINUTES

COMMISSIONER MORROW MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 20, 2005 MEETING. SECONDED BY VICE CHAIRMAN HOLDSWORTH THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF 4 (FOUR) TO 0 (ZERO).

5. MONTHLY UPDATES

a. Bed Tax Staff Report

Ms. O'Connor reported that September bed tax was up 25% over September 2004. Hotel, motel, retail and restaurant taxes continue to show positive gains also. Full-service hotels made significant strides. The gains translate to over slightly \$100,000 over year-to-date budget.

b. Smith Travel Report

The report documents the overall positive trend. August occupancy was up by 11.6%. Chairman Sickie pointed out the variations in occupancy rates between resorts and full-service hotels.

c. Project Status Update

Ms. O'Connor thanked the Commission for attending the five-year strategic plan mid-course draft presentation. An additional draft of the next steps will be presented at the retreat in November.

6. BED TAX PROFORMA

Mr. Clifford noted that the original budget was premised upon a conservative estimate of 3% growth. Based on returns earlier this year, staff raised estimates to 5% for this year, and 4% for the next fiscal year.

Ms. O'Connor noted that the funding commitment to the Super Bowl has been included. Staff has tried to extend as many known obligations as possible to show the impact based on the cash-flow picture. More comprehensive detail is noted in the present proforma than in the past. Mr. Clifford added that the fiscal impact of individual events such as the Super Bowl are not considered when determining forecasts.

7. MARICOPA COUNTY SPORTS COMMISSION FUNDING REQUEST

Ms. O'Connor asked the Commission to consider a funding request for \$10,000 to support the Maricopa County Sports Commission's efforts to bring sports-related events to Scottsdale.

Mr. Des Georges offered a reminder that a full marketing kit was provided at the previous meeting. He distributed copies of an article from the Arizona Republic dated Sunday, October 16, 2005 detailing the impact the Commission's activities have had.

COMMISSIONER SHAFFER MOVED TO FUND THE MARICOPA COUNTY SPORTS COMMISSION REQUEST FOR \$10,000. COMMISSIONER MORROW SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF 4 (FOUR) TO 0 (ZERO).

Chairman Sickie suggested that Mr. Des Georges report back in six or seven months with an update.

8. DOWNTOWN MUSEUM FEASIBILITY STUDY UPDATE

Mr. Jacobson, President and CEO of the Scottsdale Cultural Council, presented a progress report on the feasibility study for the Downtown Museum. A working agreement with the Buffalo Bill Historical Center in Cody, Wyoming did not work out, despite the best efforts of all involved.

Consultants are currently performing a study; a mid-term report is due in approximately a month. A public forum is planned for October 26, 2005 at the Legacy Gallery. Mr. Jacobson questioned whether the community is prepared to support fund-raising efforts and assist in turning the museum into reality. A larger museum might have more appeal, but would be more costly to build. The final report by the consultants is expected in January 2006.

Vice Chairman Holdsworth asked Mr. Jacobson to explain the differential between the original City plan for a \$7.5 million project and the current project, estimated at \$17.5 million. Mr. Jacobson stated that the original scope of the project was never realistic. Initially \$3 million was allocated to the museum. When it became apparent this was insufficient, the City increased its allocation to \$7.5 million. A 22,000 square foot building was designed to fit that budget; however the City had no operating funds to subsidize the museum. The current budget includes an endowment.

Mr. Roderique reported that the \$7.5 million figure is in the CIP currently but Council can choose to allocate more or less than that amount.

Chairman Sickie asked whether the Scottsdale Cultural Council would operate the museum if the outcome of the feasibility study were positive. Mr. Jacobson informed the Commission that consultants are considering two options: operate the museum as part of the Cultural Council or create a stand-alone entity. If the former option proved feasible, the Cultural Council would create a subsidiary Board of Directors.

In response to a question by Commissioner Shaffer, Mr. Jacobson reported a timeline of approximately fifteen months for design and fundraising, with another year to fifteen months for construction.

9. WESTWORLD UPDATE

Mr. Klinger reported that many improvements were introduced at WestWorld over the summer. Some arenas have been covered, others relocated and the drainage has been improved. An elevated pad has been poured for the multi-purpose building and improvements have been made to the polo field. One large horse show has been held since the work was completed and reaction was overwhelmingly positive.

In response to query by Commissioner Morrow, Mr. Klinger stated that attempts are being made to bring the giant tent into compliance with fire regulations for permanent structures and are working with the Fire Department to obtain a certificate of occupancy.

A long-term agreement with Barrett-Jackson is being sought. The purchase of State lands, the new tent and the various infrastructure improvements are all positives factors in the discussions.

In response to a question from Commissioner Morrow, Mr. Klinger confirmed that no bed tax funds have been expended on WestWorld to date.

10. AIRPORT SCHEDULED AIR SERVICE UPDATE

Mr. Gray, Scottsdale Aviation Director, briefly outlined the history of scheduled service at the Airport.

Mr. Gray reported that Scottsdale had chosen not to solicit airlines for scheduled service, although discussions have been held with a number of companies. A letter of intent was received during the summer to resume scheduled service with 50-passenger regional jets. By law, the City would have to obtain an FAR part 139 Certificate.

At the September 14, 2005 joint meeting of the City Council Subcommittee on Regional Aviation Issues, the Scottsdale Airport Advisory Commission opted to work towards obtaining a certificate for the Airport. City Council will discuss this

matter at the November 1st Council meeting. Mr. Gray noted that the Airport is capable of handling scheduled service in a commuter configuration.

Mr. Gray informed Vice Chairman Holdsworth that each entity has proposed a range of different services; some would offer daily flights while others would fly less frequently. The size of the terminal building and the apron place limits on how much activity the Airport can handle. The City would be able to evaluate what space each carrier would need in the terminal.

He explained that the City has the option to apply for the FAR part 139 certificate. If Council chooses not to pursue this certificate, the Airport cannot have scheduled service with aircrafts with more than nine seats.

Mr. Roderique stated that staff would like a sense of the Commission's interest so that information could be passed on to the City Council.

Mr. Donahoe of Scottsdale West Airlines, one of the proposed entities, opined that there is a demand for scheduled service into Scottsdale. While earlier scheduled service was not well supported by Scottsdale residents, the market has changed significantly since that time, according to a commissioned study by the Boyd Group of Denver completed in 1999.

Mr. Pearsall, CEO of Scottsdale West Airlines detailed that plans are for approximately 20 operations a day, including arrivals and departures. The new aircraft are significantly quieter than most of the small planes flying out of the Airport today. The airline understands the community's sensitivity to noise and plans an outreach program. He noted that Scottsdale has an imminent need for such a service. Scottsdale West Airlines plans to operate with a low profile, so as not to affect citizens or the other operations of the Airport.

In response to a question by Chairman Sickel, Mr. Gray reported that Grand Canyon Airlines is currently running about one flight per day. Chairman Sickel expressed concerns regarding possible impacts to that service, which is important to the future development of Scottsdale as a tourist destination.

In response to questions by Chairman Sickel regarding the hours of operation and noise associated with the flights, Mr. Gray reported that the City recently completed its third update to the Noise Land Use Compatibility Study. Council reviewed the study in June, which was then forwarded to the FAA. Scheduled commuter service operations were included in that study. There are no residences within the noise contour that the FAA considers critical. The aircraft that Scottsdale West Airlines intends to use are Stage 4 compliant, which is the newest noise standard.

In response to a request for clarification by Commissioner Shaffer, Mr. Pearsall indicated that the company currently plans to operate from 6:00 or 7:00 a.m. through 9:00 or 10:00 p.m., though it is prepared to be flexible.

In response to questions by Commissioner Morrow, Mr. Gray elaborated that service is expected to be in place by the fall of 2006 pending City Council approval on November 1. Mr. Gray added that the Airport is self-sufficient and is not requesting funds.

11. SCOTTSDALE CONVENTION & VISITOR'S BUREAU UPDATE

Ms. Sacco presented the new Visitor Guide and the new Culture Quest brochure. Ms. Sacco highlighted a September 23rd New York Times article regarding Scottsdale's nightlife that created significant buzz.

The Western Art Walk is scheduled for October 20. The CVB is promoting the arts in Scottsdale. The November issue of Architectural Digest features an article about the gallery district. Ms. Sacco presented samples of print ads that will appear this season.

The quarterly hospitality industry meeting will take place on November 8th. Mr. DeRaad spoke about the upcoming PGA Tour sanctioned Tommy Bahama Golf Challenge, also scheduled for November 8th. A two-hour telecast airs January 2, 2006 and Scottsdale ads will run on that program. The FBR Open will be in February.

Ms. Sacco drew the Commission's attention to the new website design. Discussion ensued in response to questions by Ms. Sacco regarding the kind of information the Commission would like to receive. The consensus of the Commission is to receive the existing information sent in e-mail form.

12. OPEN MEETING LAW REVIEW

Mr. Ward briefly reviewed the Open Meeting Law particularly as it regards the use of e-mail. The Attorney General's recent opinion is that proposing and discussing business via e-mail, as well as exchanging facts and opinions among a quorum can violate the Open Meeting Law. Such an exchange of information suggests a collective intent to deliberate or discuss Board or Commission business and should be avoided.

Mr. Ward recommended that e-mail messages contain a disclaimer. Ms. O'Connor noted that staff would provide copies of this information to the Commissioners subsequent to Mr. Ward's explanation.

13. ITEMS FROM THE FLOOR

Discussion ensued upon Commissioner Morrow's question of what the Commission can do if it chooses to encourage the City Council to look favorably on the proposal for scheduled service at the Airport.

Vice Chairman Holdsworth opined that the proposal deserved serious consideration and would likely be welcomed by the hospitality industry, especially the resorts.

Ms. O'Connor committed to follow-up and determine whether a letter from the Chairman might be appropriate. Individual Commissioners could also make their opinions known to Council.

Ms. O'Connor noted that City Council approved the Matching Event Advertising Funding recommendations at the October 4th meeting. The community events are on this evening's Council agenda.

Vice-Chairman Holdsworth reported working with Councilman Ecton and the Mayor to identify means of continuing to attract tennis-related events. The Fairmont Scottsdale Princess has been in contact with the United States Tennis Association regarding the possibility of the City hosting the Davis Cup match in February 2006. At Vice-Chairman Holdsworth's suggestion, Ms. Sacco committed to contact both groups.

14. PUBLIC COMMENTS

None

15. ADJOURNMENT

With no further business before the Commission, the meeting was adjourned at 10:10 a.m.

Respectfully submitted,
AV-Tronics, Inc.